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Department of State TELEGRAM

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CONFIDENTIAL 655

PAGE 01 TRIPOL 00128 221614Z

47
ACTION E-11

INFO OCT-01 AF-08 ARA-08 EUR-20 EA-11 NEA-09 OPIC-12 AID-20
COM-08 INT-06 OEP-01 CIA-05 DODE-00 PM-06 H-02 INR-06
L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12
RSR-01 /179 W

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R 221328Z JAN 72
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 8414
INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
USOECD/PARIS/UNN

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REVIEWED BY CJ DATE 3/4/82
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C O N F I D E N T I A L TRIPOLI 0128

SUBJ: LIBYA AND OPEC

SUMMARY. ON EVE OF ANNOUNCED GULF PRODUCERS/OIL COMPANIES POSTED PRICE SETTLEMENT IN GENEVA, LIBYANS APPARENTLY WISHED TO MAINTAIN OPEC CREDENTIALS BUT DISASSOCIATE THEMSELVES FROM ANY NECESSARY ACCEPTANCE OF OPEC SETTLEMENT ON PARITY ISSUE. ON PARTICIPATION, LIBYANS ARE STILL SHOPPING AROUND FOR MOST ATTRACTIVE FORMULA.

END SUMMARY.

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PAGE 02 TRIPOL 00128 221614Z

1. ON JANUARY 20, ON EVE OF ANNOUNCED GULF PRODUCERS/OIL COMPANIES SETTLEMENT ON PARITY QUESTION, EMBOFF SPOKE WITH PETROLEUM MINISTRY DIRECTOR-GENERAL FOR ECONOMIC AFFAIRS, OMAR AL-BADRI, WHO HAD JUST RETURNED FROM GENEVA MEETINGS, WHERE HE HAD BEEN LIBYA'S OFFICIAL OBSERVER.

2. AL-BADRI WAS ANNOYED ABOUT REPORTS IN PETROLEUM PRES ELSEWHERE THAT LARG HAD "WITHDRAWN" HIM FROM GENEVA, I HE HAD LEFT IN ANGER OR THAT SOME SPLIT HAD OCCURRED LIBYA AND PERSIAN GULF PRODUCERS. TO THE CONTRARY, HE HAD EN INSTRUCTED FROM THE OUTSET TO ATTEND ONLY THE GENERAL SESSIONS AND NOT THE NEGOTIATIONS. EVERYONE, PARTICULARLY THE PERSIAN GULF PRODUCERS, KNEW LIBYA WAS A "GOOD MEMBER" OF OPEC BUT HER SPECIAL CIRCUMSTANCES REQUIRED HER TO HANDLE PARITY ISSUE ON HER OWN.

3. DURING REMAINDER OF DISCUSSION OF PARITY ISSUE, AL-BADRI STRESSED A) ABSOLUTE NECESSITY THAT LIBYA BE COMPENSATED FOR FINANCIAL LOSSES ATTENDANT UPON DOLLAR DEVALUATION; B) THAT WHATEVER FIGURES WERE BANDIED ABOUT IN GENEVA, THESE WERE GULF FIGURES AND NOT BINDING ON LIBYA, ALTHOUGH C) LIBYA WOULD BE PARTICULARLY INTERESTED IN SETTLEMENT CONCERNING SHORT HAUL EASTERN MEDITERRANEAN CRUDES.

4. ON PARTICIPATION AL-BADRI SAID LIBYA, LIKE OTHER PRODUCING COUNTRIES, FELT THE OLD CONCESSION SYSTEM WAS SIMPLY THAT-- A RELIC OF THE PAST THAT REQUIRED REVAMPING. AL-BADRI SAID, HOWEVER, THERE WERE A NUMBER OF WAYS THIS COULD BE DONE: INDONESIA SEEMED HAPPY WITH A TYPE OF SERVICE CONTRACT ARRANGEMENT; ALGERIA HAD OPTED FOR NATIONALIZATION OF PRODUCTION FACILITIES; AND VENEZUELA SEEMED MOST CONCERNED WITH LEVEL OF OFFTAKE.

5. COMMENT: IN CASE OF CURRENT PARITY SETTLEMENT, LIBYANS APPEAR TO BE FOLLOWING POLICY WHICH WORKED WELL FOR THEM PREVIOUSLY. SETTLEMENT BETWEEN THE COMPANIES AND GULF PRODUCERS IS VIEWED AS A FLOOR ON TOP OF WHICH LIBYANS THEN BUILD THEIR ADDITIONAL REQUIREMENTS. AL-BADRI'S REMARKS ABOUT PARTICIPATION FIT WITH OTHER MINISTRY AND INDUSTRY SOURCE COMMENTS WE HAVE HEARD, TO EFFECT THAT LIBYANS SHOPPING AROUND FOR BEST POSSIBLE ALTERNATIVE TO CONCESSION SYSTEM AND FEEL NO GREAT URGENCY ABOUT ADOPTING ANY GIVEN COURSE. GP-4.

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Department of State TELEGRAM 424

CONFIDENTIAL 531

PAGE 01 LONDON 00677 241653Z

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ACTION E-11

INFO OCT-01 AF-08 EUR-20 SSO-00 CCO-00 NSCE-00 USIE-00
CIAE-00 PM-06 H-02 INR-06 L-03 NSAE-00 NSC-10 P-03
RSC-01 PRS-01 SS-14 AID-20 COM-08 FRB-02 TRSE-00
XMB-06 OPIC-12 CIEP-01 LAB-06 SIL-01 SAL-02 OMB-01
OEP-01 INT-06 INRE-00 RSR-01 /153 W
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 274
INFO AMEMBASSY TRIPOLI
AMCONSUL BENGHAZI

C O N F I D E N T I A L LONDON 677

SUBJ: LIBYAN OIL, DOLLAR PARITY ISSUE

WE UNDERSTAND [ ] THAT MABRUCK TODAY B1
NOTIFIED WILLIAMSON (OCCIDENTAL) THAT LARG WANTS 11 PER CENT
INCREASE IN DOLLAR POSTED PRICE RETROACTIVE TO AUGUST 15.
WILLIAMSON REPORTEDLY EN ROUTE LONDON FOR DISCUSSIONS.
GP-4.
ANNENBERG

Boulder - 677
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